



## **Biweekly Narrative Seafood Report (No: 2-2002): Korea**

Prepared by Alaska State Trade Representative in Korea

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### **1. Korean Economy Update**

#### ***Weaker yen not a serious blow to Korean economy***

While calling on the government to continue monitoring of the Japanese economy and its currency, a state-run think tank said the government's efforts to keep the won to yen or won to dollar exchange rates at a certain level should be reconsidered. In a report on the weaker yen, the Korea Development Institute (KDI) said that the government should not try to prevent the won's effective exchange rate against other currencies from falling, even though it results from an inflow of foreign capital into the nation. This is because the fall in the won's effective exchange rate reflects Korea's better-than-expected economic fundamentals, the institute said.

“The current level of the Japanese yen does not deal a serious blow to the Korean economy. An exchange loss at Korean companies arising from the falling won to the dollar is seen as comfortable,” the KDI said.

According to the report, the won's effective exchange rate could remain stable, when the dollar-won exchange rate falls or rises 3 percent under a 10 percent change of the dollar-yen exchange rate. Volatility in the exchange rates has been constant since last September, meaning that the current exchange rates would not do so much harm to Korea's economic growth and balance of payments, the institute said.

“It would be dangerous for the economy to maintain the won to the yen or dollar at a certain level because it has a negative impact on domestic price levels, and constrains monetary policy,” the report said.

The KDI said the government should accommodate the won's adjustment to the yen and dollar to some degree. In particular, the possible rise in domestic prices caused by the rising won-dollar rate will be offset by the falling dollar-yen rate, the research institute said.

Korean companies may suffer potential foreign exchange losses from the rising won-dollar rate, but it would not be at a worrisome level. “The ratio of exchange losses to sales revenue

at Korean companies will be a meager 0.92 percent, even if the won falls to 1,450,” KDI said. KDI said the government should keep monitoring of the Japanese economy to minimize any adverse impact on the Korean economy, instead of focusing concerns on the dollar-yen rate.

### ***KDI says economy will recover in 2nd half***

Kang Bong-kyun, head of the Korea Development Institute (KDI), predicted that the Korean economy would recover from the recession on the strength of increased exports and brisk corporate investment in plant and equipment in the latter half of the year.

Speaking at a meeting of businesspeople here in Daejeon, the KDI head said exports would rise 10 percent year-on-year this year, thanks to the recovery of the U.S. and European economies. Concerned about the sagging Japanese economy, Kang said the government and the business community should step up their monitoring of the yen's fluctuation and progress in Japan's industrial restructuring.

The head of the government think tank noted that the economic restructuring has reached the final stage, and urged corporations to improve their management systems based on the chief executive officer so that they may adapt themselves to this particular stage of development in a free market economy.

(Source: the Korea Development Institute, Republic of Korea)

## **2. Fisheries News in Korea**

### ***Ministry promotes seafood exposition in 2004***

The Ministry of Maritime Affairs and Fisheries said yesterday it will promote an international seafood exhibition in Seoul in 2004 to promote exports and attract public interest in domestic seafood.

The ministry said it will ask consulting firms to study the feasibility of its plan and request support from related government agencies.

The planned exhibition will be held at the Agricultural Trade & Exhibition Center (AGRO-TREX Seoul) now under construction in Yangjae-dong, southern Seoul, for completion in November this year.

The ministry plans to allocate 90 percent of the exhibition center to domestic seafood firms and the remaining 10 percent to foreign companies. It also plans to invite some 500 buyers from more than 30 foreign countries.

The ministry said it will develop the exhibition into an internationally famous event like Japan's Foodex.

(Source: January 18, 2002, the Korea Herald, Seoul, Korea)

### **3. Weekly Trend of Wholesale Fisheries Market in Korea**

#### ***1) Noryangjin Wholesale Fisheries Market: 3<sup>rd</sup> week of January( 1/14-19)***

As the cold temperatures increased from the previous week, more fisheries products were supplied to the market, and prices were stable. While the supply of fresh Alaska Pollock, herring, and Pacific Cod decreased, the squid supply was on the increase.

- Fresh Alaska Pollock
  - Almost no supply of local Pollock due to poor catch
  - Japanese fresh Pollock dominated the market: Daily supply 1.5 tons; price W 45,000 per kg for medium
- Frozen Alaska Pollock
  - Government released its stock of frozen pollock to the market for price stabilization: daily supply 1.8 tons, price 33,000 per 18-kg-box.
- Fresh Pacific Cod
  - From China: W 5,000 per kg.
  - From Local (East Sea): W 19,000 per kg
  - Fresh cod from Japan was not supplied to the market due to expensive price
- Live Yellow Tail
  - Daily supply: 400 – 500 kg
  - Price varies depending upon the size: W 7,000 – W 25,000 per kg

(Source: [www.sunsansijang.co.kr](http://www.sunsansijang.co.kr))

#### ***2) Garakdong Agricultural & Marine products Wholesale Market: 1/14-19***

Fisheries prices decreased by 3% compared with the previous week. The price for local fresh mackerel decreased due to over supply and less demand. The price for fresh Pollock from Japan also decreased due to poor demand.

(Source: [www.garak.co.kr](http://www.garak.co.kr), Korea)